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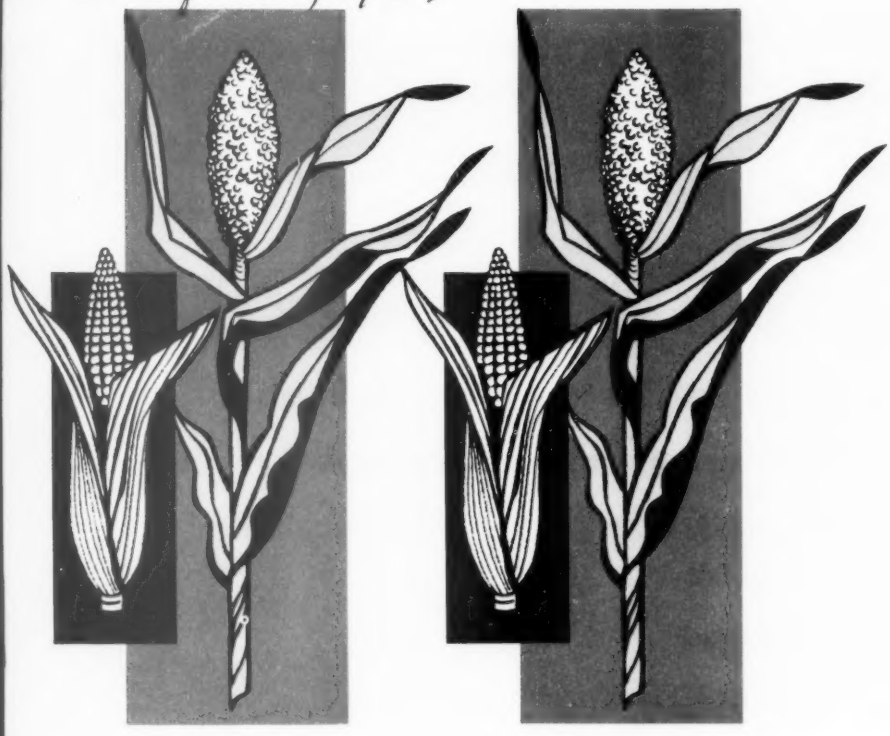

HOW U.S. FEEDGRAINS
FARE IN WORLD MARKETS

ITALY'S FRUIT INDUSTRY
AND THE COMMON MARKET

SEP - 6 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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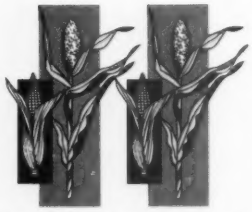

This week's cover subjects, corn and grain sorghums, are leading performers among U.S. feedgrain exports. For highlights of round-the-world sales of U.S. feedgrains over the past decade, see the story beginning on opposite page.

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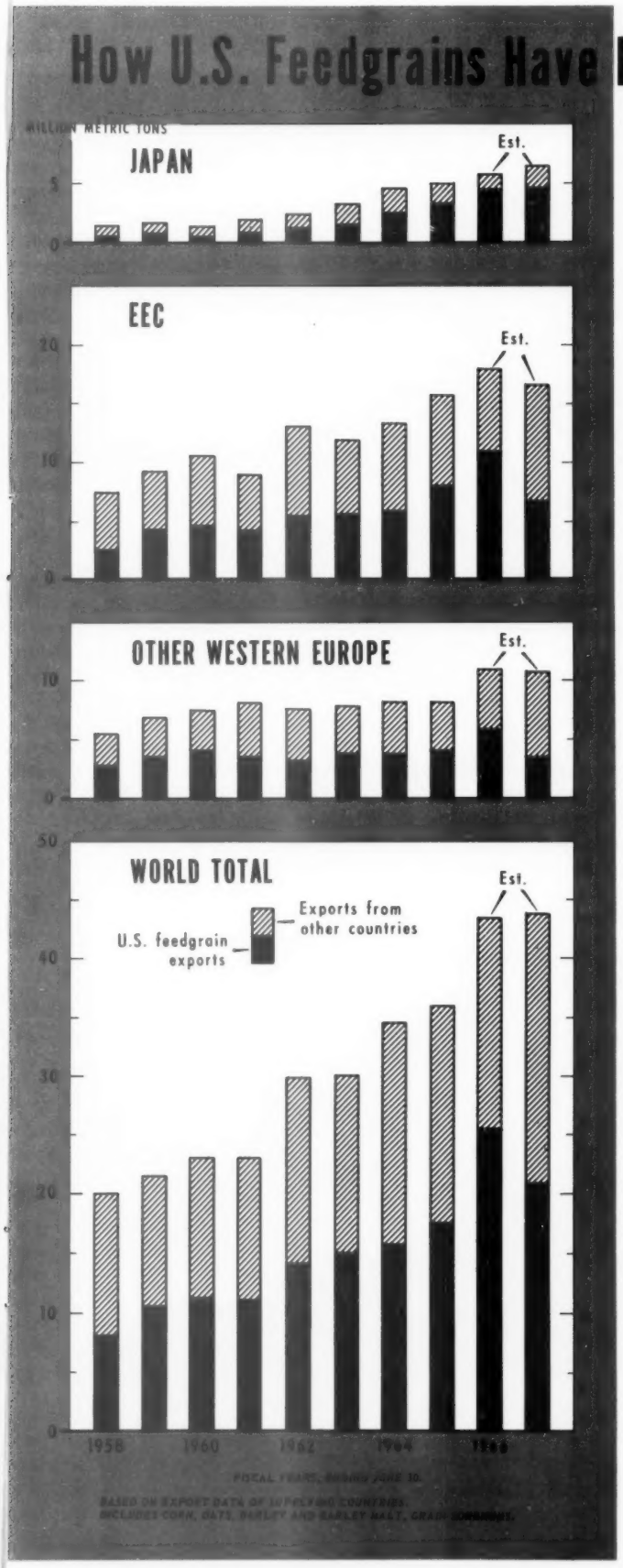
How U.S. Feedgrains Have Fared in World Markets



By ROBERT SVEC
Grain and Feed Division
Foreign Agricultural Service

During the fiscal year ending June 30, 1967, U.S. coarse grain exports totaled about 20.8 million metric tons. This was down about 18 percent from the previous year, the sharpest drop on record. Yet, even the preliminary record of world coarse grain trade in 1966-67 shows that the upward trend of the past 10 years—both for the world as a whole and for the United States—is still on course, and that the U.S. drop was mainly an adjustment from the extraordinary 59-percent share of world trade held by the United States the previous year.

The size of the world market appears to be growing as rapidly as ever, having reached some 43 million tons in 1966-67, as against 20.2 million a decade ago. In this climb, U.S. exports have led the way, increasing from only 8.1 million. They have provided about half the world total[1] every year, and for some grains—notably corn and grain sorghums—considerably more than half. Their total for the fiscal year just ended, while considerably below the huge 1965-66 record, was nevertheless 3.5 million tons higher than that for any previous year, and thus reflected a continuation of the long-term upward trend.

Among the other traditional feedgrain exporters, Argentina and France have generally shared the rising trend; but Canada and Australia have become relatively smaller exporters, and South Africa's exports have varied with wide fluctuations in production. During the decade, new contenders like Thailand and Brazil have appeared.

A major reason for this rapid growth in the world feedgrain market is the expansion that rising incomes have triggered in livestock and poultry industries, particularly those of Western Europe and Japan. People in these regions are consuming more meat, poultry, and dairy products than they could afford 10 years ago. So, although some of the countries that have been large customers for imported feedgrains are now growing more grain themselves, the market continues its rapid increase.

The change between 1965-66 and 1966-67

U.S. feedgrain exports 2 years ago rose to 25.4 million tons. But this was partly caused by very unusual circumstances in the world market. The biggest importing area—Western Europe—had unusually heavy import needs in 1965-66, owing to reduced supplies of domestic feedstuffs coupled with a sharp rise in feedgrain demand. At the same time, two big exporters—Argentina and South Africa—offered less feedgrain than the year before.

South Africa, in particular, with its corn and grain sorghum (kaffir-corn) crops cut extensively by 2 straight years of severe drought, exported only 773,000 tons of feedgrains in 1964-65 and only 300,000 in 1965-66—a far cry from its record of 2.6 million in 1963-64. Argentina, after exporting a record 5.1 million tons in 1964-65, returned in

[1]Feedgrain totals throughout the article include corn, oats, barley and barley malt, and grain sorghums.

1965-66 to the level of earlier years.

The sharply increased market and reduced competition permitted 1965-66 U.S. feedgrain exports to climb to unprecedented heights. In 1966-67, however, conditions were almost completely reversed. Not only did feedgrain and forage production improve all over Western Europe, but larger exportable feedgrain supplies became available in most of the major exporting countries, as well as in some nontraditional ones like the United Kingdom. Bumper feedgrain crops were harvested in Argentina, France, South Africa, Thailand, Brazil, and several East European countries. Consequently, 1966-67 competition for world feedgrain trade was intense.

Our major competitors for the world market

Argentina has been our No. 1 competitor throughout the decade from 1957-58 through 1966-67. It has had a rapid and steady rise in its level of feedgrain exports; corn and grain sorghums exports have expanded dramatically while shipments of barley and oats have declined.

In 1966-67, Argentina surpassed its record 1964-65 export level by exporting about 6.1 million. The United States felt Argentine competition especially in Italy and Spain. Port facilities, however, may act as a brake on further Argentine export expansion.

Canada has declined in relative importance as a feedgrain exporter over the 10-year period, mainly because most of the growth of world feedgrain trade has been in corn and sorghum, while Canada is an exporter only of barley and oats.

In 1965-66, Canada exported about one million tons out of its feedgrain crop of 14 million. In 1966-67, however, the continued increase in domestic feeding, combined with larger world barley supplies, caused a slight reduction in Canada's exports despite its bigger crop.

South Africa has been historically a major supplier of corn and grain sorghum to the West European market. But its export volume over the past decade has been closely tied to variations in the size of its corn and grain sorghum crops.

After limiting exports for 2 years in a row because of drought-reduced crops, South Africa was back in the market in 1966-67. This past spring it harvested a record corn crop of 9.2 million tons and a record sorghum crop of about 870,000 tons, giving it an exportable feedgrain supply of about 4 million tons. Since then, however, its feedgrain exports have been somewhat limited by port facilities. These grains are competing vigorously with U.S. feedgrains in the United Kingdom and Italy; they are also moving into Japan in increased volume.

France has traditionally been an important exporter of barley, and in recent years its corn exports have been growing rapidly. With EEC unification, French feed wheat also seems likely to become a greater factor in Europes feedgrain imports.

In 1966-67, France had a feedgrain crop of 13.9 million tons—about 700,000 more than the year before. The corn crop of over 3.8 million tons was up 14 percent. France shipped out about 200,000 tons more feedgrain than the 3.3 million tons of 1965-66, the bulk of it headed for other EEC and West European countries.

Australia has undergone somewhat of a decline in its feedgrain exports as competition for the world barley and oats market has intensified over the past 10 years. But with a feedgrain crop of 2.8 million tons, up 29 percent above last year's, its exports in 1966-67 showed a moderate increase over the 500,000 of 1965-66. Australia hopes to enlarge its share of the feedgrain market by expanding grain sorghum production for export.

Thailand is a relatively new competitor in the world feedgrain market. The rapid growth in its feedgrain exports over the past decade closely parallels its rise in corn production from about 137,000 tons in 1957 to 1.25 million in 1966. Most of the 1.2 million tons of Thai feedgrains shipped out in 1966-67 went to Japan.

10 YEARS OF COMPETITION
FOR WORLD FEEDGRAIN MARKETS

Exporting countries	1957-58	1958-59	1959-60	1960-61	1961-62
	Mil. metric tons	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*	*Mil. metric tons*
United States	8.1	10.5	11.2	11.1	14.2
Argentina	2.3	2.8	4.0	2.5	3.5
Canada	2.1	1.8	1.6	1.0	1.1
South Africa	1.3	1.0	.7	1.0	1.7
France	.7	.1	.6	1.9	2.1
Australia	.5	1.1	.9	1.3	1.2
Thailand	.1	.2	.3	.5	.6
Other	5.1	3.9	3.7	3.7	5.5
World total	20.2	21.4	23.0	23.0	29.9
	1962-63	1963-64	1964-65	1965-66[1]	1966-67[2]
United States	15.0	15.7	17.5	25.4	20.8
Argentina	3.3	3.7	5.1	3.7	6.1
Canada	.7	1.3	1.0	1.0	.9
South Africa	2.3	2.6	.7	.3	.8
France	1.3	3.3	3.0	2.8	3.5
Australia	.7	.8	.8	.5	.9
Thailand	.7	.9	.9	1.2	1.2
Other	6.1	6.3	6.9	8.3	9.4
World total	30.1	34.6	35.9	43.2	43.6

[1]Preliminary. [2]Partially estimated.

Other feedgrain exporters

Brazil and Mexico were unimportant as competitors 10 years ago. In 1966-67, however, Brazil's corn production—estimated at 12.5 million tons, about 2.5 million above 1965—gave it an exportable supply of over a million tons. Even more than Argentina and South Africa, Brazil finds that its exports tend to be limited by handling facilities rather than supply.

In 1964-65, Mexico leaped into world feedgrain trade prominence with exports of 946,000 tons of feedgrains, mostly corn; and the next year its exports reached 1.3 million tons. These big shipments, however, represent efforts to cope with crops that outstripped the country's goal of self-sufficiency. Mexico's 1966 corn crop was about 700,000 tons above that of 1965, but rising domestic consumption and tougher competition kept 1966-67 exports below the 1965-66 level. By readjusting its price supports, Mexico hopes to limit the size of its future corn crops.

Accounting for a large part of world feedgrain trade throughout the period have been the combined shipments of the Soviet Union and other East European countries (principally Romania and Yugoslavia). Much of their feedgrain trade, however, has been interregional, except in years when poor crops have obliged some of these coun-

(Continued on page 12)

Italian Fruit in the European Economic Community

By W. GLENN TUSSEY and
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Italy's fruit industry, unlike its vegetable business,[1] was fairly well prepared for the strict quality standards of the Common Market's Common Agricultural Policy (CAP), which apply to produce marketed domestically as well as to exports. Furthermore, the industry stands to benefit from Common Market membership. The quality regulations should discourage disposal of inferior fruit in the normal fresh-fruit marketing channels, funds from the Market's European Agricultural Guidance and Guarantee Fund (FEOGA) will be used to improve marketing, and growing consumption in other member countries should keep Italian fruits in good demand.

Italy's fruit marketing techniques are reasonably up-to-date in a few areas, particularly in the northern part of the country, but, in general, they could stand considerable improvement. The government expects to build or modernize some 42 markets in fruit-growing areas with financial help from FEOGA. FEOGA will also help set up new cooperative marketing associations with funds varying from 1 to 3 percent of their invoice value. Cooperative marketing is not yet widespread throughout the country, although in Alto Adige 50 percent of the producers belong to cooperatives. Estimates place the cooperative's share of exports at less than 13 percent.

A central fruit auction with television connections to West Germany and other countries is slated to be built in Ferrara and should provide a major improvement in export marketing. FEOGA has made available $4 million for the project, which will permit foreign buyers to make cabled bids against televised samples.

Nearly all Italian fruit has free access to other countries of the Common Market. EEC regulations also provide for export subsidies on shipments to traditional third-country markets when needed to counteract "abnormal" actions by other exporters. If markets become depressed or critical, farmers' associations and the government, with financial aid from FEOGA, can intervene to sustain prices.

Exports expected to increase

The protection and incentives offered the Italian fruit industry by the Common Market should encourage greater exports. Last year, fruits contributed some 5 percent to Italy's total export earnings and about 65 percent to agricultural export earnings. Shipments abroad amounted to 1.9 million metric tons valued at $375.5 million. Of this, citrus accounted for $69.6 million, other fresh fruits $227.5 million, and nuts $78.3 million. EEC countries took about 65 percent of the total.

West Germany, France, Switzerland, and Austria are Italy's chief foreign buyers of fruit. An overnight haul by rail or truck brings the produce of the Bolzano and Ferrara areas to markets in these countries.

At the present time, 83 percent of Italy's exported fruit moves out of the country by rail, while trucks carry 14 percent and ships only a nominal amount. Use of trucks is increasing, however, and should continue to grow with completion of the Brennero highway across the border into

[1]See "Italian Vegetable Industry Faces Problems Under CAP," *Foreign Agriculture*, June 5, 1967.

Aerial view of an apple distillery in the Ferrara area. The distilleries buy unmarketable apples for 0.6 to 1.2 cents per pound and process them into alcohol.

Above, women sort, grade, and pack peaches at the packinghouse of an exporter in Ferrara; right, pear harvest in the same area, where the espalier method is used widely for this fruit and apples.

Austria. Seaports are beginning to compete for a larger share of the business by improving loading and storage facilities. In Trieste, a program is underway to enlarge the harbor's capacity to handle containers. This port hopes to ship out 800,000 tons of fruit by 1970, compared with 112,000 in 1965. Genoa, too, wants a part in this growing business and has built storehouses 50 miles from the city.

Fruit production rising

Italy, as the southernmost member of the EEC, enjoys a distinct climatic advantage in fruit production, although France is becoming a formidable competitor. In general, fruit output has been rising, and last year Italy produced 1.8 million tons of citrus, 1.9 million of stone fruit, 3.8 million of apples and pears, 0.4 million of almonds and other nuts, and 1.3 million of table grapes, figs, and other fruit. Citrus groves are located chiefly in Sicily and Calabria and almond groves in Sicily and Puglia. The major deciduous fruit orchards extend from the southern part of the Po Valley northward to the valleys of the Alto Adige.

Acreage in the various fruit crops has been changing. Walnuts and almonds have gradually been losing ground to higher yielding alternative crops, especially with expansion of irrigation. While lemon acreage remains rather steady, better control of the *mal secco* disease has improved production. The number of new orange plantings is expanding considerably, especially of blood types that are not yet well known abroad but are highly prized domestically. However, the land that can be planted to citrus in southern Italy is limited by a lack of irrigation water. Land for deciduous orchards is still in abundance in the north central part of the country. Investments in orchards run high—about $2,500 per acre for deciduous fruit in the Ferrara area and $8,000 per acre for citrus around Catania.

Orchard sizes vary

Italy's citrus orchards are generally small—an average of 2 acres—and dense, which limits the potential for mechanization. On the other hand, deciduous orchards in the Po Valley are modern. The espalier method of training fruit trees to grow flat against stretched wires is used extensively for apples and pears and is now being tried with peaches. Numerous varieties of deciduous fruits are grown, and Italian farmers are always attracted to new ones in their search for the perfect fruit. Since Italian law does not govern patents on new varieties, nurseries import scions, particularly from the United States, and promote the sale of new plants, often causing some fairly good older ones to become obsolete. Farmers often overgraft new varieties onto old stock.

Italians have been quite successful in lengthening the marketing season for their fruit crops, especially for apples, with controlled-atmosphere storage. Capacity for this type of storage is now estimated at more than 100,000 tons. In the Bolzano area, controlled-atmosphere storage is well advanced, using the most modern techniques. Here, apples stored for 9 months proved to be of excellent quality, with spoilage of less than 1 percent.

ITALIAN FRUIT PRODUCTION AND EXPORTS, 1966

Type of fruit	Production	Exports	
		Volume	Value
	Metric tons	*Metric tons*	*1,000 dol.*
Oranges	1,176,500	122,330	18,013
Mandarines	193,000	26,689	4,197
Lemons	603,900	332,994	47,410
Table grapes	858,200	240,195	35,702
Almonds, shelled	38,000	30,004	43,523
Walnuts	16,000	7,581	4,389
Filberts	66,000	.....	23,677
Chestnuts	86,549	23,856	6,697
Apples	2,584,400	492,159	64,507
Pears	1,249,200	242,831	33,680
Apricots	77,000	9,480	2,266
Cherries[1]	226,400	46,255	17,192
Peaches	1,423,400	269,475	63,250
Strawberries	68,700	25,547	10,989
Total	8,667,249	1,869,396	375,492

[1]Trade 50 percent in brine.

U.S. soup, crackers, dips, and raisins draw crowds at promotion in Sweden's TEMPO stores. Similar campaigns will be held this fall in five foreign countries, including West Germany, the United Kingdom, Israel, Italy, and Sweden.

Nearly 16,000 Overseas Stores To Showcase U.S. Foods This Fall

Millions of foreign consumers will be trying and buying U.S. foods this fall in the biggest yet of FAS-backed in-store promotion campaigns. Participating in this campaign will be nearly 16,000 branch stores of 10 companies in West Germany, the United Kingdom, Sweden, Italy, and Israel.

The promotions—extending from the last of September to mid-November—are expected to reach some 14 million foreign consumers and lead to a 12-20 percent increase in U.S. food sales to participating firms. Products to be featured run into the thousands for at least one chain and include 10-20 items that are new to each target area. A sampling of these commodities includes dietetic foods; spices; rice; fresh, frozen, and canned fruits and vegetables; canned and frozen fruit juices; chili sauces; pulses; dried fruits; nuts; chicken and turkey meat; and frozen and canned seafood products.

Cooperators to participate

Among likely participants in the campaigns are FAS cooperators for citrus and dried fruits, rice, beans, soybeans, and cling peaches. Also, U.S. food-producing firms will participate in some of the promotions, as will a steamship company—U.S. Lines—and local celebrities. Many of the stores will have demonstrations, free samples of U.S. products, and drawings to customers for anything from baskets of U.S. foods to trips to the United States (provided by the stores).

Emphasis throughout the campaign will be placed on the larger self-service stores. FAS will finance point-of-sale publicity—including display posters and store-window decorations, streamers, price tags, and shopping bags—plus newspaper advertising, demonstrations, and other activities above and beyond those normally carried out by the stores.

Site of biggest promotion

Most comprehensive campaign will take place in West Germany. Promotions here by five companies will help continue the spirit of the ANUGA trade fair in Cologne—which runs from September 30 through October 8 and is the biggest overseas showcase of U.S. food products.

First of the in-store promotions is a September 25-October 6 campaign by the Ratio-Zentralverwaltung (RATIO) chain in the Münster and Hanover areas. The four wholesale outlets making up this group service some 50,000 retail stores—8,000 of which will be participating in RATIO's "USA Food Weeks." Buying for this 12-day campaign will amount to nearly one-fourth of RATIO's annual purchase of around $570,000 worth of U.S. foods; some 10 new items will be featured in addition to the normal inventory of U.S. products.

Owned by Terfloth and Snoek GmbH, the chain has been in the wholesale grocery trade since 1774. In addition to its 50,000 retailer customers, the company services thousands of institutional buyers, and it puts out a customer newspaper. Reflecting the immensity of this operation is the RATIO supermarket in Bochum—believed to be the biggest self-service store in Europe.

Second prospective campaign for West Germany will take place in the Edeka Cooperatives for Lower Saxony. A giant in the trade and wholesale distribution of imported foods, the chain will promote U.S. food in 4,200 of its 40,000 stores during October 26-November 2.

Next will be a repeat performance of the highly successful promotion held by the KOMA (Koch & Mann GmbH) chain last year. Some 1,300 of these stores in the Wuppertal, Hagen, and Northern Sauerland areas will be featuring a wide variety of U.S. foods during November 9-18.

In addition to a sophisticated purchasing and promotional organization, KOMA has a weekly magazine which reaches 350,000 customers. During "USA Food Weeks," it expects to buy $175,000 more in U.S. foods; annual purchases by the participating stores normally total around $900,000.

Running simultaneously with the KOMA promotion will be a campaign by the Kolonial-Import Company in the Ruhr area of Germany. A wholesale company with eight outlets, Kolonial-Import will involve about 2,500 retail stores in its promotion. Most of the work will be done by the firm's own promotional, advertising, and merchandising staffs. U.S. food purchases during the campaign are expected to total a giant $625,000.

Also on the agenda for Germany is a November promotion in stores owned by the SPAR chain. SPAR is doing this on a trial basis in 100 stores in the Frankfurt area to determine if it wants to make "USA Food Weeks" a feature in all its German and other European outlets in the fall of 1968.

In the United Kingdom—where FAS in-store promotions of U.S. foods first began—two companies with a total of 17 stores will be promoting U.S. food products during October and November.

First of these will be the October 9-21 promotion by the Army-Navy Stores Ltd., Victoria, London. A one-store approach will be tried with this department store, which has a 7,000-square-foot food hall and handles about 50 lines of U.S. foods.

From November 6 to 18, a similar promotion will be held at 16 Foodliner Supermarkets in West England and Wales. This is part of the group with whom FAS cooperated last year; participating in the campaign will be four to six new supermarkets that have been built since the last promotion.

In Sweden, U.S. foods will be showcased at the exclusive NK (Aktiebolaget Nordiska Kompaniet) department stores. These include the NK-Hamngatan store, the "K" Food Store in Stockholm, and the NK store in Malmo as well.

Status stores in Sweden, the NK group stocks only the finest merchandise and food products. Their slogan during the October 5-14 promotion will be "God Mat Fran Amerika." Translated that means "Good Food From America." Ads in four leading papers, tasting and demonstration booths, and celebrity guests will help pull in Swedish consumers during this 10-day promotion. U.S. foods have accounted for a growing share of the company's business, making up about 10 percent of its total food sales in 1966.

A new country on the agenda is Italy, where six modern Minimax self-service stores will stage an "American Fortnight" from November 1 through 15. Already a big retailer of U.S. food products with about 1,200 U.S. items on its shelves, Minimax will attract customers with half-page ads in leading Roman newspapers, some 200,000 flyers mailed to consumers, demonstrations on use of U.S. foods, and a special raffle with a trip (provided by the store) to the United States among the prizes.

Another first is the in-store promotion in Israel's New Shalom Department Store. Set for November 3-15, this promotion will feature a select variety of U.S. food products in the store's food department. A small Exhibit of "Agriculture USA" is to be located in the store's entrance.

For more information on these in-store promotions contact International Trade Fairs Division, FAS, or the U.S. agricultural attachés in the participating countries.

FAS Contracts To Help Promote U.S. Plywood

FAS's market development program will be broadened in coming months as a result of a recent agreement to help promote U.S. plywood overseas. Partner in this new project is the American Plywood Association, which is the first FAS cooperator to represent American forest products.

With its entry into the program, the Plywood Association brings an impressive record as a promoter of softwood plywood. Organized in 1936, the Association today is one of the largest trade groups in the country, boasting a staff of 315 employees and representing 85-90 percent of the softwood plywood industry. Its product—which brings in about $1.0 billion yearly from sales at home and abroad—is used in light construction for roof decking, wall sheathing, and siding; in heavy construction for concrete forming; and in industry for containers, pallets, and manufactured items.

As an FAS cooperator, the Association will be participating in the big U.S. agricultural show in Japan next spring and other appropriate trade fairs, will be staging exhibits of its own, and will be bringing overseas teams to the United States to study the domestic industry. In addition, funds provided by FAS will allow the Association to increase the scope of already active export programs.

These programs were begun some 4 years ago by the Association in response to a drop in U.S. housing starts and recognition of the tremendous untapped demand overseas. Following an initial market survey, which showed the European Continent ready for U.S. plywood, the Association set up an overseas office in West Germany; from there, representatives reached out to Belgium, the Netherlands, and Denmark. And a special consultant was sent to Japan.

These representatives took plywood products to the specialists—the architects, engineers, contractors—showing them how it should be used and why. The reasoning was that the specialists—once sold on the merits of U.S. plywood—would get the word across to the general public. At the same time, Association representatives were looking into the building codes of different cities to make sure they were not prohibitive to use of U.S. plywood.

As a result of such techniques—which included distribution of foreign language brochures and participation in overseas trade fairs—the Association in 1966 won a Presidential "E" Award for export expansion. By then, sales of U.S. plywood to Europe had zoomed to 9.5 million square feet from 1.2 million in 1962, and those to Japan had jumped to 3.0 million from practically nothing. And this year, with sales to Japan alone forecast at 37.5 million square feet, the Association has an even better start toward a healthy partnership with the Department of Agriculture in market development abroad.

Japan the Scene of World's Biggest Sandwich Promotion

Using FAS-backed sandwich promotions as a model, a Japanese baking firm is staging what is probably the world's largest sandwich promotion.

Starting July 10, Yamazaki Baking Company began a nationwide sandwich promotion with a reported budget of $830,000. The campaign—which lasts until September—is believed to be one of the biggest food promotions in Japan. Some 20 allied industries will be participating in the campaign. These firms are being allowed to sell their products in any of Yamazaki's 8,000 outlets.

The promotion consists of two sandwich idea contests and a sandwich festival, which is highlighted by a giant stage show expected to play to 30,000 consumers. Admittance is gained with 25 Yamazaki seals, of which 1 is given for every 50 yen of Yamazaki and allied firms' products bought at the company's outlets.

The sandwich idea contest will have among its top prizes two all-expense-paid trips to the United States.

According to the president of the company, many of the ideas were drawn from the pilot sandwich program in Japan by Wheat Associates, USA—cooperator with FAS in market development abroad—and the Wheat Exhibit and Seminar at the Tokyo Trade Center this past spring.

Promotions such as this have played a big part in the United States expanding wheat sales to Japan. From 33.5 million bushels in fiscal 1960, sales rose to 78.5 million in fiscal 1967.

New U.S.-Japanese Agreement on Poultry

Because of a recent agreement with the Japanese, U.S. poultry exporters will maintain their access to the Japanese market for frozen poultry meat. Regulations on disease requirements which had been considered by the Japanese in June, with proposed application on August 15, would have threatened the U.S. access to Japan—the No. 3 foreign market for U.S. poultry meat.

Measures are being taken by Japan to prevent imports of poultry infected with contagious poultry diseases such as Newcastle disease and fowl cholera—rarely found in U.S. birds slaughtered for export.

Government and trade officials have reminded exporters that USDA PY506 export certificate, as agreed upon by Japanese and U.S. representatives, must be issued for all poultry destined for Japan prior to shipment.

West Germany Expects Good Grain Harvest

West Germany has started harvesting a grain crop which German officials have described as "better than last year and the long-term average." This year's total grain crop—barring unfavorable weather conditions during harvesting—will be in the vicinity of 15.6 million metric tons. This would be the second best on record. In 1964, the harvest was 16.6 million; in 1960 it was 15.5 million. Average total grain production for the past 6 years (1961-66) was 14.7 million tons, and last year's production was 14.8 million.

The total grain area this year was only slightly larger than that of a year earlier. Present area estimates indicate increases in wheat, barley, and oats compared with acreages last year. Plantings of rye decreased so that for the first time they are at less than 2.5 million acres.

WEST GERMANY'S GRAIN PRODUCTION

Crop	Average 1961-66	1966	1967[1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Wheat	4,594.9	4,533.2	5,000
Rye	2,974.8	2,696.1	2,650
Winter mixed grain	155.2	129.6	110
Oats	2,211.2	2,340.4	2,500
Barley	3,529.6	3,869.3	4,050
Spring mixed grain	1,191.2	1,129.5	1,150
Corn	66.6	126.9	140
Total	14,723.6	14,825.0	15,600

[1]Forecast.

The weather so far has been very favorable for most crops. Winter barley is being harvested, and rye harvesting has started in the Upper Rhine Valley. Continued good weather could mean that harvesting of wheat and oats would begin shortly.

New Indian Cotton Crop Off to a Good Start

India's 1967-68 cotton crop is off to an excellent start, according to Bombay merchants. The monsoon began on time, and rains have been moderate and well spaced in cotton growing areas. No replanting was required, germination has been successful, and the fact that the crop was established early provides some insurance against crop failures from an early letup in rains at the end of the monsoon.

Press reports indicate the first arrivals from the new crop are expected from southeast of Bombay about August 7. Production in this section is expected to be double last year's 35,000 bales because of a better monsoon, plus the higher prices realized last year by farmers. It was announced that the Punjab has launched a crash program to increase cotton production by at least 100,000 bales. Mills there were asked to prepare a plan to set up their own cotton farms which would serve as demonstration centers.

It is still much too early to estimate the prospective size of the current cotton crop. However, continuation of favorable weather could result in a crop several hundred thousand bales larger than the small 1966-67 crop of 4.6 million bales (480 lb. net).

Peru's Fish Oil Exports Climb

Exports of Peruvian fish oil in January-May 1967 amounted to about 135,800 short tons, compared with only 32,500 tons in the same 5 months of 1966. This sharp increase set a record for the 5-month period and exceeded annual average exports of 115,500 tons in the 1960-64 period. Total exports this year are expected to exceed the 153,200 tons estimated to have been exported in 1966 and could perhaps exceed the record 166,000 tons exported in 1962. Prices for semirefined fish oil, c.i.f. European ports, in January-May 1967 averaged about 6.25 U.S. cents per pound or 40 percent below the 10.62 cents per pound in the comparable 5 months of 1966.

Argentine Honey Production Up

Argentina's 1966-67 (Dec. 1, 1966, to Nov. 1967) honey pack is estimated at 66 million pounds. While this is about average for recent years, it is about 50 percent above the 1965-66 crop when unfavorable weather prevailed. Exports in 1967 are expected to reach 44 million pounds, compared with 34.3 million for 1966. West Germany continues to be the leading outlet, followed by Japan. Exports to the United States in 1967 have been substantially above comparable periods in 1966.

Domestic disappearance for 1967 is forecast at 17.6 million pounds. This is substantially above 1966, but would be only half the consumption figure of 1965. The large domestic sales in 1965 were helped by an in-store promotion campaign, but the effect on consumers' buying habits apparently was only temporary.

EEC Kennedy Round Reductions for Cocoa

Substantial Common External Tariff (CXT) concessions were granted by the European Economic Committee (EEC) for cocoa beans and cocoa products under the recently concluded Kennedy Round GATT negotiations. Two-fifths of the agreed reductions will be implemented on July 1, 1968, followed by three annual cuts of one-fifth

each on January 1, 1970, 1971, and 1972, respectively. However, accelerated cuts may be made on certain items decided upon by a meeting of the EEC Council of Ministers to be held this fall. Reductions are listed in the following table:

Item	Old rate	New rate
	Percent ad valorem	*Percent ad valorem*
Cocoa beans, husks, and waste	9.0	5.4
Cocoa mass, cake, paste	25.0	15.0
Cocoa butter	20.0	12.0
Cocoa powder, unsweetened	27.0	16.0
Cocoa powder, sweetened:		
Containing 60% sugar in weight or less[1]	30.0	10.0
Containing more than 60% sugar in weight[1]	80.0	10.0
Other items containing cocoa or chocolate[1]	27.0	12.0

[1]Subject to the specified duty plus the flexible element corresponding to the sugar levy.

India's Black Pepper Exports Off Sharply

India's exports of black pepper during the first quarter of 1967 totaled 16 million pounds, down 33 percent from January-March 1966 shipments of 23.7 million pounds. Exports to the USSR and to the United States—the largest recipients of India's pepper—fell sharply to 5.5 million and 0.7 million pounds, respectively, from 10.8 million and 4.0 million, respectively, during the corresponding first quarter of 1966.

The decline in exports is attributed to increasing competition from Indonesian pepper, which is selling at 5 to 7 cents per pound under India's prices.

India's total exports for 1967 are expected to be well under the 1966 near-record level of 54.8 million pounds.

Australian Raisin Acreage

On July 11 the Australian Agricultural Council Chairman released to the press a statement in which he stated that "it would be unwise" for Australian raisin growers to increase their area under grapes. The statement mentioned growing world surpluses and uncertain future market prospects as factors upon which this conclusion was based. The statement praised the International Sultana (Raisin) Agreement, to which Turkey, Greece, and Australia are signatory members, for its "assistance given to exporting countries." The United States is represented at the Agreement conferences by an observer.

Spanish Filbert Forecast Raised

Spain's 1967 filbert crop is now expected to total 22,000 short tons, in-shell basis—up 4,000 tons from the earlier forecast for the crop. A fungus disease outbreak seems to have been less serious than expected earlier since control measures are reportedly working. If the forecast is accurate the crop would be 22 percent above the 1966 level and 23 percent over average. However, it would still be below the bumper 1965 harvest.

Exports from the near-average 1966 crop may total 16,000 short tons in-shell basis. If so, end of season stocks (Aug. 31) should be negligible. Exports from the bumper 1965 crop hit an alltime high of 22,200 short tons. (FAS data show 1960-61 Spanish export licenses issued for a total of 26,200 tons of filberts but actual exports are believed to have totaled only 20,100 tons).

France, usually a major customer, was the largest buyer of the 1965 crop, and Poland—for the first time a prominent purchaser—was the second ranking customer. Switzerland, usually the most important user of Spanish filberts, dropped to fourth place in 1965-66 after West Germany. Bulgaria, Cuba, Hungary, and Czechoslovakia, which also took unusually large shipments, ranked 5, 6, 7, and 8. As usual the United States bought none. During the current marketing year, exports are expected to total some 16,000 tons, in-shell basis. If the 1967 crop estimate proves accurate, 1967-68 exports should rise to about 17,000 tons.

SPAIN'S FILBERT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1961-65	Year beginning Sept. 1 1965	1966	1967
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	4.7	3.0	1.0	.....
Production	17.9	24.0	18.0	22.0
Imports	.....	.....	.....	.....
Total supply	22.6	27.0	19.0	22.0
Exports	15.1	22.2	16.0	17.0
Domestic disappearance	3.8	3.8	3.0	4.0
Ending stocks (Aug. 31)	3.7	1.0	.....	1.0
Total distribution	22.6	27.0	19.0	22.0

Turkish Filbert Forecast Cut

Turkey's 1967 filbert crop is now expected to total only 80,000 short tons—down 20 percent from an earlier forecast. If this proves accurate, the harvest would be 60 percent below the bumper 1966 level and 32 percent below average. However, heavy carryover stocks from the large 1966 crop will bring the exportable supplies up to well above the average level. As a result, exports during the year beginning October 1, 1967, are expected to be well above average but somewhat below the 1966-67 shipments.

TURKISH FILBERT SUPPLY AND DISTRIBUTION[1]
[In-shell basis]

Item	Average 1961-65	1965-66	1966-67	1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Oct. 1)	22.4	64.0	20.0	70.0
Production	116.8	75.0	200.0	80.0
Total supply	139.2	139.0	220.0	150.0
Exports	108.7	101.9	135.0	120.0
Domestic disappearance[2]	8.5	17.1	15.0	10.0
Ending stocks (Sept. 30)	22.0	20.0	70.0	20.0
Total distribution	139.2	139.0	220.0	150.0

[1]October-September marketing year. [2]Includes nuts pressed for oil, consumed as food and waste.

During the current (1966-67) season, exports are expected to total 135,000 short tons in-shell basis. This would be second only to the alltime high of 144,700 tons sold in 1964-65. West Germany is, as usual, by far the leading market for Turkish filberts this season—taking about one-half of the total exports. The USSR and the United Kingdom are also important markets—taking approximately 15 and 10 percent respectively.

As has become customary, the filbert sales cooperative,

Fiskobirlik, has controlled the market during the past season by purchasing the major portion of the crop and setting a minimum price below which it will not sell. Kerassundes from the 1966 crop were selling at 52.8 cents per pound in the first week of August 1967, as against 49.8 cents at the beginning of the season (first week of October 1966). While this season's prices are below last year's prices for 1965 crop nuts, there were many 1964 crop filberts sold last season at rates substantially below the price for the new crop. During the current year there are few of these old nuts on sale, so the overall average price is probably equal to or above the average level in 1965-66.

U.S. Tobacco Exports Up in June

U.S. tobacco exports in June 1967, at 39.4 million pounds, were up 39 percent from the 28.4 million shipped out in June a year ago. This brings total exports for the first half of 1967 to 251.6 million pounds—up 43 percent from the 175.5 million shipped out in January-June 1966.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	June		Jan.-June		Change from 1966
	1966	1967	1966	1967	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	20,742	30,794	124,729	183,673	+ 47.3
Burley	4,202	2,518	20,577	25,816	+ 25.5
Dark fired					
Ky.-Tenn.	1,072	891	7,298	10,827	+ 48.4
Va. fire-cured[1]	61	101	2,070	2,111	+ 2.0
Maryland	513	229	3,530	7,396	+109.5
Green River	2	466	439	720	+ 64.0
One Sucker	0	178	53	655	
Black Fat	377	156	1,814	2,049	+ 13.0
Cigar wrapper	195	698	2,569	1,871	— 27.2
Cigar binder	164	511	1,485	1,393	— 6.2
Cigar filler	193	197	500	471	— 5.8
Other	829	2,705	10,391	14,659	+ 41.1
Total	28,350	39,444	175,455	251,641	+ 43.4
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	23.2	32.5	145.5	214.2	+ 47.2

[1]Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	June		Jan.-June		Change from 1966
	1966	1967	1966	1967	
Cigars and cheroots					*Percent*
1,000 pieces	7,408	4,480	35,853	36,585	+ 2.0
Cigarettes					
Million pieces	1,663	2,396	11,727	12,100	+ 3.2
Chewing and snuff					
1,000 pounds	39	65	259	155	—40.2
Smoking tobacco in pkgs.					
1,000 pounds	84	134	494	671	+35.8
Smoking tobacco in bulk					
1,000 pounds	1,274	891	6,176	7,076	+14.6
Total declared value					
Million dollars	9.6	12.8	62.6	67.7	+ 8.1

Bureau of the Census.

For the fiscal year ended June 30, 1967, exports totaled 627.3 million pounds (export weight), and were valued at $550.3 million. The quantity was the largest since fiscal 1920, and the value also set a new record. In fiscal 1966, exports totaled 472.2 million pounds, valued at $394.7 million. Flue-cured exports totaled 481.6 million pounds (export weight) in fiscal 1967, compared with 349.5 million in fiscal 1966; those of burley were 50.9 million, compared with 47.4 million.

Exports of tobacco products in June 1967 were valued at $12.8 million, compared with $9.6 million in June a year ago. Exports of cigarettes rose from 1,663 million pieces in June 1966 to 2,396 million. For January-June 1967, the total value of tobacco product exports was $67.7 million, compared with $62.6 million for the first 6 months of 1966.

For fiscal year 1967, the value of tobacco product exports was $134.8 million. Added to the value of unmanufactured tobacco exports, this makes a combined value of $685.1 million.

Zambia Sells 1967 Flue-Cured Crop

Sales of Zambia's 1967 crop of flue-cured tobacco at the Lusaka auctions totaled 7.4 million pounds through June 28, at an average price equivalent to 63.6 U.S. cents per pound. For the corresponding period in 1966, sales were 5.9 million pounds, at 43.9 cents. For the full 1966 season, Lusaka auction sales totaled 13.8 million pounds at an average of 42.5 cents.

Fiscal Year Tobacco Shipments Near Record

U.S. exports of unmanufactured tobacco in fiscal 1967, at 627.3 million pounds, export weight, were the largest since the record 648-million-pound total for fiscal 1920 and were nearly one-third above the 472.2 million pounds shipped out in fiscal 1966. Major factors resulting in the big exports in fiscal 1967 included sanctions by most importing countries on trade with Rhodesia, improvement in the quality of recent U.S. flue-cured crops, the broadened export-payment program, and the continuing rise in demand for leaf used in cigarette manufacture in foreign countries. The value of fiscal 1967 exports was $550 million, an all-time high.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	Quantity			Value	
	Fiscal 1966	Fiscal 1967[1]	Percent change	Fiscal 1966	Fiscal 1967[1]
	1,000 pounds	*1,000 pounds*	*Percent*	*1,000 dollars*	*1,000 dollars*
Flue-cured	349,484	481,569	+37.8	307,109	447,691
Burley	47,387	50,944	+ 7.5	38,396	44,405
Dark-fired					
Ky.-Tenn.	22,231	20,549	— 7.6	11,633	11,067
Va. fire-cured[2]	5,552	6,380	+14.9	3,735	4,005
Maryland	10,497	14,479	+37.9	8,325	11,791
Green River	667	759	+13.8	398	452
One Sucker	873	1,164	+33.3	372	480
Black Fat	4,130	3,732	— 9.6	3,620	3,322
Cigar wrapper	4,568	3,773	—17.4	14,136	12,774
Cigar binder	2,378	1,817	—23.6	2,139	1,613
Cigar filler	986	1,846	+87.2	572	1,049
Other	23,430	40,336	+72.2	4,281	11,615
Total	472,183	627,348	+32.9	394,716	550,264

[1]Preliminary; subject to revision. [2]Includes sun-cured.
Bureau of the Census.

Preliminary data indicate that flue-cured exports in fiscal 1967 totaled 481.6 million pounds, export weights, compared with 349.5 million last year. On a farm-sales-weight basis, the fiscal 1967 exports of flue-cured were equal to 587 million pounds. On an export-weight basis, the aver-

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age value per pound of flue-cured exports in fiscal 1967 was 93.0 cents (including the export payment for a large portion of the exports), compared with 87.9 cents in fiscal 1966.

Exports of burley, Virginia fire-cured, and Maryland tobaccos also were larger than in fiscal 1966.

Malawi's Flue-Cured Auctions

Sales of 1967-crop Malawi flue-cured tobacco at the Limbe auctions totaled 3.9 million pounds through July 20 at an average price equivalent to 61.3 U.S. cents per pound. In addition, some 782,000 pounds of flue-cured grown in northeastern Zambia were sold at an average of 62.9 U.S. cents.

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U.S. Feedgrains in World Markets

(Continued from page 4)

tries to turn to outside sources for supplies. In 1966, large corn crops swelled exportable supplies in Romania, Bulgaria, and Yugoslavia. The USSR had a bumper crop of feedgrains, but its exports did not increase noticeably.

Our best feedgrain customers

Largest single buyer of U.S. feedgrains—and still a growing one—is Japan. The spectacular rise of its feedgrain purchases has closely paralleled its rapid economic growth and its postwar changes in domestic food demand. In 1965-66, we sold it 4.4 million tons of feedgrains—about seven times the amount of 10 years earlier. Our sales volume in 1966-67 was slightly higher, with corn down 400,000 tons but grain sorghums up almost 600,000.

Throughout the decade the EEC countries have taken nearly a third of our feedgrain exports, the volume rising from 2.5 million tons to 6.6 million. Their total feedgrain imports have risen also, despite 9 straight years of increased barley production and a 56-percent increase in corn production. This import rise can be attributed to the annual growth of consumption by over a million tons, as well as to bigger EEC barley exports.

In 1966-67, larger domestic supplies of feedgrains and fodder reduced EEC feedgrain imports from the unusually high level of 1965-66, and imports from the United States dropped by about 3.6 million tons.

Other West European countries which together took more U.S. feedgrain 10 years ago than the EEC countries did, now take only about half as much as the EEC, though their total has risen from 2.7 million tons to 3.3 million. Their 1966 feedgrain crop totaled 27.6 million tons, 55 percent more than in 1957. The barley crop alone reached a phenomenal 19.8 million tons.

Leading the way in the barley increase was the United Kingdom, whose record 1966 crop of 8.9 million tons was almost three times as large as in 1957. The rapid rise in production has reduced imports somewhat; but primarily, it has made the United Kingdom a major barley exporter, with a 1966-67 volume reaching 1.1 million tons.

In 1966, bumper feedgrain crops in Austria, Denmark, Greece, Ireland, Portugal, and Spain more than offset increased demand. Thus, both total feedgrain imports and imports from the United States were off in 1966-67.